

equal opportunity for every child, jobs at decent wages, and getting money out of politics and bringing people back into politics and speaking to the economic pain that exists among citizens in our country.

I start with agriculture. I am from an agricultural State. We have a failed farm policy that is driving family farmers off the land. We have not done a thing about the price crisis. We have had another bailout. We have some money for people so they can live to farm another day, but we have not changed a thing when it comes to farmers being able to get a decent price. We have not changed a thing when it comes to all the concentration of power in agriculture and in the media and in banking and in energy and in health insurance companies. We do not want to take on these big conglomerates. We do not want to talk about antitrust action.

So I argue that at the macrolevel this has been a do-nothing Congress. I think people in the country should hold us accountable. I say to the majority party, I think they should especially hold the majority party accountable because I think many of us have wanted to do much more. I think that is what the next election probably will be all about.

If people believe education and health care and opportunities for their children and jobs at decent wages are important issues to them—that is their center; that is the center of their lives—and they believe the Republican majority has not been willing to move on this agenda, and they feel as if there is a big disconnect between what is done here and the lives of people who we are suppose to represent, then I say, let the next election be a referendum. But I certainly wish we had done more.

A FAIR DEAL FOR MINNESOTA DAIRY FARMERS

Mr. WELLSTONE. Mr. President, final point. Some of us have been fighting for several days. We are out of leverage now. It is toward the end. But to be real clear about it, there was a time, when the Northeast Dairy Compact was brought to the floor, it was going to be part of the 1996 "Freedom to Farm." I think it is the "Freedom to Fail" bill. It was defeated.

But this compact, which was not in the farm bill that passed in either House, was then put into the conference committee. There is a reform issue on which we ought to work. There is one in which I am really interested. I do not think the conference committee, which has become the "third House" of the Congress, should be able to put an amendment, a provision, into conference that was not passed in either House; or, for that matter, take out a provision that was passed in both Houses.

So this got snuck in. It was part of a deal. It is how we got the "Freedom to Fail" bill, which has visited unbelievable economic pain and misery.

The argument that was made for the Freedom to Farm bill was it should all be in the market; there ought not be any safety net; so a family farmer should not have any real leverage for bargaining for a decent price. You name it. It was a great bill for grain companies, a great bill for the packers, but not a very good bill for family farmers. On the other hand, when it came to dairy, it was a different set of rules. And we were going to have these dairy compacts with administered prices.

Our dairy producers were just asking for a fair shot—dairy producers in States such as Wisconsin and Minnesota.

Let me explain. In my State, we have 8,700 dairy farms. We rank fifth in the Nation in milk production. These farms generate about \$1.2 billion for our farmers each year. The average size of the Minnesota dairy farm is about 60 cows—60 cows per farm. We are talking about family-size farm operations. We are going to lose many more because this compact, for all sorts of reasons so negative, impacts on our dairy farmers.

Mr. President, I am disgraced by the recent action by the majority party to include such harmful dairy provisions to the State of Minnesota as part of the final spending bill this year. The tactics used to include dairy as part of this bill is yet another illustration of the flagrant abuse of power. I and my fellow colleagues have fought hard and have been successful in defeating previous attempts to extend the Northeast Dairy Compact. We fought openly and fairly on the Senate floor, and now our successful efforts may be unjustly curtailed by clandestine negotiations by those who overtly misuse their power. This type of backroom negotiating style is clearly not the first time that harmful dairy provisions have been attached to the bill. We have been fighting such tactics since the authorization of the compact. In fact, the authorization of the Northeast Dairy Compact was inserted into the 1996 farm bill as part of a backroom deal. In 1996, I offered an amendment which successfully struck the compact out of the Senate bill and the compact was not in the farm bill initially passed by either House of Congress. Instead, it was later inserted during the bill's conference in the passage of the 1996 Freedom to Farm bill. Yet ironically, the 1996 Freedom to Farm bill was passed with the intent to remove government from the marketplace. Although, I adamantly opposed the bill, many viewed the 1996 farm bill as a way to decouple payments to family farmers. The thought at that time was that farmers should produce for the market and that Congress should eliminate a safety net for our farmers.

For some reason, we seemed to play by a different set of rules when it comes to dairy. We told our corn and soybean farmers that to succeed in the 21st century they should pay close attention to market signals, but at the same time we considered implementing compacts that drown out those signals for dairy farmers. And yet even among dairy producers, we scrutinized and only allowed one region of the country to provide a safety net for their farmers, while hurting farmers in other parts of the country.

Minnesota is not asking for special favors. All Minnesota dairy producers are asking for is a fair shot. I have spoken here before about the importance of family dairy farming to my State's economy. Minnesota's dairy industry is one of the cornerstones of the State's economy. We have 8,700 dairy farms in Minnesota, ranking fifth in the Nation's milk production. The milk production from Minnesota farms generates more than \$1.2 billion for our farmers each year. Yet, the average herd size of a Minnesota dairy farm is about 60 cows. Sixty cows per farm. So we are really talking about family operations in my State. Family businesses with a total of \$1.2 billion in sales a year, contributing to their small-town economies, trying to live a productive life on the land.

Let me read from a few farmers in my State of Minnesota who are hurting:

Eunice Biel, a Harmony, MN dairy farmer:

We currently milk 100 cows and just built a new milking parlor. We will be milking 120 cows next year. Our 22-year-old son would like to farm with us. But for us to do so he must buy out my husband's mother (his grandmother) because my husband and I who are 47-years-old, still are unable to take over the family farm. Our son must acquire a beginning farmer loan. But should he shoulder that debt if there is no stable milk price? We continuously are told by bankers, veterinarians and ag suppliers that we need to get bigger or we will not survive. At 120 cows, we can manage our herd and farm effectively and efficiently. We should not be forced to expand in order to survive.

Lynn Jostock, a Waseca, MN dairy farmer:

I have four children. My 11-year-old son Al helps my husband and I by doing chores. But it often is too much to expect of someone so young. For instance, one day our son came home from school. His father asked Al for some help driving the tractor to another farm about 3 miles away. Al was going to come home right afterward. But he wound up helping his father cut hay. Then he helped rake hay. Then he helped bale hay. My son did not return home until 9:30 p.m. He had not yet eaten supper. He had not yet done his schoolwork. We don't have other help. The price we get at the farm gate isn't enough to allow us to hire any farmhands or to help our community by providing more jobs. And it isn't fair to ask your 11-year-old son to work so hard to keep the family going. When will he burn out? How will he ever want to farm?

Les Kylo, a Goodhue dairy farmer:

My grandfather milked 15 cows. My dad milked 26. I have milked as many as 100 cows, and I'm going broke. They made a living out here and I didn't. Since my son went away to college, my farmhands are my 73-year-old father and my 77-year-old father-in-law who has an artificial hip.

I have a barn that needs repairs and updates that I can't afford. I have two children that don't want to farm. At one point, in a 30-mile radius, there were 15 Kylos farming. Now there are three. And now I'm selling my cows. My family has farmed since my ancestors emigrated to the United States.

When I leave farming, my community will lose the \$15,000 I spend locally each year for cattle feed; the \$3,000 I spend at the veterinarian; the \$3,600 I spend for electricity; or the money I spend for fuel, cattle insemination and other farm needs.

The testimony I just read were from MN farmers who felt comfortable to share their names. I have additional testimony, but the farmers who shared their stories, had requested that I not use their name. This is testimony from a farmer in East Ottertail, MN:

Despite the ongoing difficulties, it is amazing the steadfast willingness of this family to try and hold things together. The farm is farmed by two families, a father and his son.

Since dairy prices fell in the second quarter of 1999, there was not enough income for this family to make the loan payments and to provide for family living and cover farm operating expenses. The Farm Credit Services would not release a loan for farm operating assistance, and so the family had to borrow money from the lender from which they are already leasing their cows. They have not been able to feed the cows properly because of the lack of funds. Because they cannot adequately feed their dairy herd, their milk production has fallen and is considerably lower than the herd's average production. In addition, because there was no money for family living, the parents had to cash out what little retirement savings they had so that the two families had something to live on day to day.

The son and wife had to let their trailerhouse go since they could not make the payments and moved into a home owned by a relative for the winter. Most of their machinery is being liquidated. However, there are a few pieces of machinery that go toward paying off their existing debt. The family will be selling off 120 acres of land in their struggle to reduce the debt. Recently, the father has been having serious back troubles and has been unable to help his son with the work. This is tremendous stress both physically and mentally on the son. The son has decided he is going to have to sell part of the herd in order to reduce the herd to a number that is more manageable for one person. In addition, the money acquired from selling off part of the herd will be applied toward their debt. The son hopes that these three items combined: selling machinery, land and part of the herd can pay off enough of their debt that he might be able to do some restructuring on the remainder of the farm and to reduce loan payments to a manageable amount where there is something left to live on after payments are made.

These are just a few of the stories. I read these stories, because it is important that when we consider national dairy policy here in the Senate, we need to keep in mind that we are determining the future of an industry and a

way of life that are basic not only to the agricultural economy, but to the very soul of America's rural heartland. I am concerned that the dairy provisions attached to this omnibus bill will hurt Minnesota dairy farmers and frankly dairy farmers throughout the country. I have been on the floor before discussing how the dairy compacts and any reversal to the implementation of an equitable milk marketing system will harm Minnesota dairy farmers. However, the dairy language included in this bill goes even further and could potentially threaten all family dairy farmers throughout the nation.

What I am talking about and concerned about as are many Americans is the trend towards factory-farm and concentration in dairy. It is unnecessary and unwise. There is no reason we cannot have a family-farm based dairy system. A dairy system which promotes economic vitality in rural communities and one which is more environmentally sustainable than a factory-farm system. Family dairy farms are efficient and innovative. Family dairy farms can provide a plentiful supply of wholesome milk at a fair price. However, there is a provision stuck in this bill which no one has really discussed, and would harm family dairy farmers everywhere. The provision would establish a pilot program allowing for the expansion of forward contracting of milk.

Forward contracting reduces competition in the marketplace and results in lower prices to dairy producers. Forward contracting is not specific to the dairy industry. In fact, one can note the effect of forward contracting by the recent events occurring in the hog industry. Recently, the hog industry has witnessed a significant increase in the number of producers who decided to forward contract. Hog producers will contract with packers to guarantee them a minimum price for their pigs. Contracting is not inherently bad and there are some good contracts. However, what is occurring is that these deals are made often in private and do not reflect the spot market. There is a strong argument that contracting is partly responsible for the depressed hog prices and the rapid increase in the consolidation of the hog industry. What is happening in the hog industry is also happening in dairy.

This provision would expand forward contracting of milk by allowing processors to pay producers less than the federal milk price for milk. Under current law, forward contracting is allowed, however, only if the buyer is willing to offer at least as much as the federal minimum price. In other words, this provision will remove an important safety net for our dairy producers. Expanded forward contracting can also reduce the price for producers who do not forward contract by reducing the competition for milk, thereby dam-

aging the entire dairy market structure. This provision could also discriminate against our family farmers because the most likely scenario is that processors would offer forward contracts to the largest producers. Again, we would see the domino effect of losing family farmers. By giving a better deal to larger producers, our family farmers cannot compete and we would see more losses of family farmers.

Those who support forward contracting contend that forward contracting is a risk management tool; however, this argument doesn't hold water. In fact, National Farmers' Union and other groups contend that the proposal for forward contracting will actually make it more difficult to manage risk by forcing producers to guess whether the volatile dairy market will go up or down. It is logically deduced that in the absence of an adequate support price, the market will continue to be highly volatile. What can happen is that anytime producers price guess wrong, they lose money under this proposal. The truth is that our family dairy farmers cannot compete in such a volatile market place. We must set policy that keeps family dairy farms in business while ensuring that consumer and taxpayer costs are kept at a reasonable level. What we need to achieve here is a fair, sustainable and stable price system for all dairy farmers.

That has clearly not happened, and that's partly why Minnesota continues to lose dairy farmers at an appalling rate. Minnesota is losing dairy farms at the rate of three per day due to base price that are already low and unstable. Let me read to you the past couple of BFP prices for family dairy farmers. The BFP is the basic formula price. It is the monthly base price per hundredweight paid to dairy farmers for their milk.

In August the BFP was \$15.79 per hundredweight. That was quite high and it is a good price. Farmers could be pleased with that price. In September the BFP rose a little higher to \$16.26 per hundredweight. I haven't seen the analysis of why the BFP price rose so high. Back in May of 1999, the BFP was only \$11.26. Some would argue that it was due to the drought in the East that prices rose so high for August and September. The milk price was high because cows in the eastern region were strained and produces less milk. Therefore, milk was in demand and thus the price rose. If this is the case, our farmers are getting a decent price for their milk only at the expense of farmers in other parts of the country who are suffering.

In October, the BFP took a stunning tumble from the \$16.26-September price to \$11.49 per hundredweight. This is a dramatic drop price. The BFP for this month will not be released until

December 3rd, but it is predicted to be even lower. Again, as I have stated before with such volatility in the market, it is no question why our farmers are having a difficult time to survive. And if dairy farmers are not struggling enough with the volatility of the market, Congress is now assisting and in some cases is making the price of my dairy farmers worse—and that is what has happened with the Northeast Dairy Compact. The Northeast Dairy Compact gives six states the right to join together to raise prices to help producers in the region. While it may help the Northeast, it is cutting into our markets. It is true that the compact provided a safety net this spring to certain farmers when dairy prices plunged. When the price of raw milk dropped by 37 percent, one Massachusetts farmer got a \$2,100 check from the compact. Overall, that farmer said, aid from the compact totaled seven percent of his gross income during the first 12 months of its operation. Conversely, Midwest dairy farmers—who also confronted the sharp price decline—got no such price.

The Northeast Dairy Compact fixes fluid milk prices at artificially high prices for the benefit of dairy producers in just that region. This artificial price boost of a compact may benefit the producers covered by the compact, but it hurts all other dairy farmers. It is also no secret that the extension of the Northeast Compact encourages other regions such as the Southeast to form their own compact. This would be detrimental to the Upper Midwest. A recent report by University of Missouri dairy economist Ken Bailey found that Minnesota's farm-level milk price would drop at least 21 cents per hundredweight if a Southeast dairy compact were allowed to be implemented alongside expanded Northeast dairy compact. This would translate into a \$27.2 million annual reduction of Minnesota farm milk sales. The compacts in Bailey's study would cover only 27 percent of U.S. milk production, yet would have a sizable negative impact. If more regions adopted compacts Minnesota prices would drop even further.

Many, such as I heard Senator LEAHY inquire, why doesn't the Upper Midwest form their own compact. Minnesota and Wisconsin farmers would not benefit from organizing their own compact. A compact's price boost applies for only fluid milk. The percentage of Upper Midwest milk going into fluid products is so low that any compact would do little for Minnesota's farmers' income. The negative impact of compacts would far outweigh any minimal boost to fluid prices here in Minnesota. Congress should not accept a policy that so clearly provides benefits to the producers of one region at the expense of consumers and producers elsewhere. Instead, there should be an effort to create a more uniform

and rational national dairy policy—a policy without the regional fragmentation caused by compacts.

To put it simply, compacts erect trade barriers in our country. By fixing milk prices at artificially high levels, Compact proponents understand that their markets become vulnerable to market forces at work elsewhere in the nation. So in order to prevent milk from other regions entering those Compact markets at lower prices, a tariff-like mechanism is established to ensure that all milk entering the Compact area is priced at the level fixed by the price-fixing commission in the region. It is bad enough that the extension of the Northeast Dairy Compact is attached to this bill, but it is unacceptable for Congress to attempt to meddle with USDA's final plan by resurrecting an alternative similar to Option 1-A.

As you know, the referendum voted on by producers nationwide overwhelming passed this past summer. Given the prominence of Minnesota's dairy industry, it should be no surprise that I have pushed for reform of the existing milk pricing system. The Secretary's reforms are a step forward in a long overhaul of dairy policy toward a more unified and simplified pricing system that benefits all producers. We need to reduce and eliminate the regional inequities that exist within the federal order system. The current pricing system regulates the price of fluid milk based on the distance from Eau Claire, Wisconsin. This policy causes market distortions that disadvantage producers in the Upper Midwest. These reforms must move forward quickly, and be implemented as soon as possible by the Secretary.

These dairy provisions are putting at great risk dairy farmers not just in my State, but across the country. It is imperative that we establish a national and equitable dairy system for all. For this reason, and among numerous other inequities included as part of this mammoth omnibus package, I cannot vote for the bill.

Mr. President, milk prices per 100 weight were about \$16. Now they are down to \$11. They are going down further. We do not have any kind of national dairy policy that makes any sense.

What has happened, which affects Eunice Biel and Lynn Jostock, and Les Kylo, and all sorts of other farmers who will remain anonymous but whose statements are included in the RECORD—they do not want their names used—it is hard when you are going through pain, and you are working 19 hours a day, and you are going to lose your farm.

What has happened, to add salt to the wound, insult to injury, is that in the dark of night in a conference committee a few people—it did not pass the Senate; they did not get it through—they put through a provision that ex-

tended this Northeast Dairy Compact, which would have run out, and they blocked the Secretary of Agriculture from being able to move forward with milk marketing order reform.

They have another provision which would allow for a pilot project for the expansion of the forward contracting of milk. That is what we have had in the hog industry. Contracting is not inherently bad, but what happens is these arrangements are made in private; they do not reflect the spot market. Basically, what happens is, you are going to have this consolidated industry, as in the hog industry. And what will happen is that the processors will be able to pay the producers less than the Federal milk price for milk. In other words, under current law, forward contracting is allowed; however, only if the buyer is willing to offer at least as much as the Federal minimum price. But this little-known provision—never debated on the floor of the Senate—would now remove that important safety net for our dairy producers. Processors are going to offer better forward contracts to the larger producers, to the largest producers, and our dairy farms are going to go under.

In Minnesota, we continue to lose dairy farms at an appalling rate. Minnesota is losing dairy farms at the rate of three per day due to a base price that is already so low and so unstable.

I say to each and every one of my colleagues that it is a triple blow to agriculture, to dairy farmers, in Minnesota. First of all, again, this horrendous piece of legislation, which was passed in 1996, that I think the Senate should be ashamed of, took the bargaining power away from farmers. They cannot even get a price to survive.

We have a depression in agriculture. We are going to lose a whole generation of producers. The way this happened, with the Northeast Dairy Compact, was to put that into the conference report. It never passed on the floor. It was part of the whole deal that made this bill possible.

Then this dairy compact was going to expire in 2 years. We had a vote on it. It did not get through the Senate. It came back into the conference committee, in this horrendous process—which will be my last point about this process—no vote, no public discussion, all sorts of provisions, one of which I just mentioned, put into this amendment, and now this omnibus conference report is brought to us, and we cannot amend it. We can't amend it. I can't come to the floor of the Senate and deal with this forward contracting of milk without the safety net. I can't come to the floor of the Senate with an amendment to knock out this amendment. You get a few people who decide in a closed room, outside of any scrutiny, and they put this back in.

I am outraged. But we fought this every way we know how. Today is the

last day. There will be a vote, and we can't stop that vote—whether it be at 1 a.m. or in midafternoon. To me, that is no longer an issue. We have done everything we can.

But I say to my colleagues that I think what has been done to the dairy farmers in the Midwest is an injustice. I think it is an injustice in a piece of legislation that, in and of itself, doesn't represent all that much for America, even though I know everybody will be talking about how great this is. I am certainly going to vote against it.

I also say to my colleagues that I hope we will, next year, think about how we can reform the way we operate. On this, I hold the majority leader accountable—to the extent that I can hold him accountable. And I will figure out every way I can next year, when we come back, to keep raising this issue.

We didn't get a lot of these appropriations bills done. We had a lot of legislation that came to the floor. We weren't allowed to do amendments. Frankly, I don't know how anybody in here thinks we can be good legislators when we don't have the bills coming to the floor. We need to get them out here in the open and have debates that are introduced, have up-or-down votes, and then we move forward. And if we have to work from 9 in the morning until 9 at night, so be it. But instead, we don't do our work.

Those of us who believe the Senate floor is the place to fight for what we believe in and have the debates are not able to do so. Instead, we have this process where six, seven, eight people decide what is in and what is out, and we have this huge monstrosity called the "omnibus" bill that is presented to us, which none of us has read—or maybe two people have. But none of us has read this from cover to cover. I doubt whether there are more than two Senators who know everything that is in here.

I would like to raise the question. How can we be good legislators with this kind of process? We are not being good legislators. I am speaking for myself. I am not able to be an effective legislator representing Minnesota if we are going to continue making decisions in conference committees and rolling in six, seven, eight major pieces of legislation with no opportunity for me as a Senator from Minnesota to bring amendments to the floor. That was done on the dairy compact, and that is what has been done on a whole lot of other decisions. It is no way to legislate.

I contend that that is no way to legislate. I contend that this omnibus bill makes a mockery of the legislative process. I contend on the floor of the Senate today, not only because of what happened to dairy farmers in Minnesota but because of the whole way in which this decisionmaking process has

worked, that this is unconscionable. I contend that this kind of decision-making process is going to lead to more and more disillusionment on the part of people in the country.

People hate the mix of money and politics. They don't like poison politics. They don't like all the hack-attack politics my colleagues, Senator REID and Senator DURBIN, were talking about earlier because they believe that is what is wrong. They don't like what, apparently, some of us relish. They don't like backroom deals, decision-making that is not open, accountable, and that people can understand and comprehend.

Now, my final point. I am not so sure that some of the major decision-makers, given the sort of deck of cards they had to work with—I don't know that I want to point the finger at any one person. I don't think that is probably fair. I am making an argument about process, not about a particular Senator. Some of them who were involved in this probably did everything they could do from their point of view. They are very skillful. But I will tell you one thing. Minnesota dairy farmers came out on the short end of the stick.

I regret the fact that this has been done and stuck into a conference report and was not done in an honest way, with open debate on the floor of the Senate, where we could have amendments. I also regret a legislative process where we didn't get to the bills on time, didn't have the debate on the floor, didn't have amendments we could introduce, didn't have the up-or-down votes, and it all got done by a few people, really, basically, with very little opportunity for public scrutiny, for democratic accountability.

I am going to vote "no" on this bill. I think I would vote "no" just on the issue of the way in which these decisions have been made because, again, I think we have made a mockery of what should be the legislative process.

I yield the floor.

The PRESIDING OFFICER. The Senator from Maine is recognized.

UNANIMOUS CONSENT AGREEMENT

Ms. COLLINS. Mr. President, I ask unanimous consent that the Senator from Iowa, Mr. GRASSLEY, be recognized for approximately 10 minutes, if that is sufficient for the Senator.

Mr. GRASSLEY. I think it is.

Ms. COLLINS. I also ask unanimous consent that he be followed by the Senator from New York, Mr. SCHUMER, for not to exceed 5 minutes, and that I be recognized to transact legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Iowa is recognized.

CHINA'S ACCESSION TO THE WORLD TRADE ORGANIZATION

Mr. GRASSLEY. Mr. President, in my capacity as chairman of the International Trade Subcommittee and getting ready for the Seattle Round, as well as considering China's accession to the World Trade Organization, I want to speak on Congress' power and our responsibility on the whole issue of international trade.

It is very clear in the Constitution that the Congress of the United States has the power, as one of the specifically delineated powers of Congress in the first article, to regulate interstate and foreign commerce. So the United States has just concluded a bilateral market access agreement with China. It should pave the way for China's accession to the World Trade Organization.

From what I have heard about this agreement—and, of course, we only have summaries at this point—it is an exceptionally good one for the United States and especially for American agriculture. I said, when the agreement fell through on April 8, I was fearful that a lot of ground would be lost. I don't think, from what I know, there has been any ground lost with the renegotiation. Charlene Barshefsky, our U.S. Trade Representative, conducted herself in a highly professional way and negotiated what appears to be an excellent agreement, and she did it under very difficult circumstances.

Now that the negotiations are finished, the job of the Senate and the House of Representatives becomes even more important. Our constitutional responsibility requires that the Senate and the House carefully review the agreement in its entirety, and the extent to which there are changes in law, they obviously have to pass the Congress, as any law would, and be signed by the President.

It is a responsibility every Senator takes very seriously because it is assigned to us by the Constitution. And because the Congress has a unique and close relationship with the American people, we must also keep faith with the people who sent us here to fulfill our constitutional responsibilities.

That is why it is critical we know everything that was negotiated.

I want to put emphasis upon that statement.

That is why it is important that the Congress of the United States know everything that was negotiated—everything, every issue, every detail, and every interpretation—so there can be no surprises, no private exchanges of letters, no private understandings about the key meanings of key phrases in the agreement, and no reservations whatsoever that are kept just between negotiators.

In other words, if Congress is going to legislate these agreements and secure these agreements, Congress has a